

## BRIGHT HORIZONS FAMILY SOLUTIONS, INC.

### CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Bright Horizons Family Solutions, Inc. (the “Company”) has developed the following corporate governance guidelines to assist it in fulfilling its responsibility to the stockholders of the Company to oversee the work of management and the Company’s business results. These guidelines, along with the charters and key practices of the Board committees, assure the Board will have the necessary authority and practices in place to review and evaluate the Company’s business operations as needed and to make decisions that are independent of the Company’s management. They are also intended to align the interests of directors and management with the long-term interests of the Company’s stockholders.

These guidelines are subject to future refinement or changes as the Board may find necessary or advisable in order to achieve these objectives.

#### **I. Board Composition and Selection: Membership Criteria**

**Selection of Board Members.** The Board is divided into three Classes: Class I, Class II and Class III. At each annual meeting of stockholders, one Class of the Board is elected by the Company’s stockholders, except as noted below with respect to vacancies. Each year at the Company’s annual meeting, the Board recommends a slate of directors for the applicable Class for election by stockholders. The Board’s recommendations are based on its determination (using recommendations, advice, and information supplied by the Nominating and Governance Committee) as to the suitability of each individual, and the slate as a whole, to serve as directors of the Company for a particular Class, taking into account the membership criteria discussed below.

The Board may fill vacancies in existing or new director positions (using recommendations, advice, and information supplied by the Nominating and Governance Committee). A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the Class for which such director shall have been chosen.

**Board Membership Criteria.** The Nominating and Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Board takes into account many factors, including (1) general understanding of marketing, finance, and other elements relevant to the success of a publicly-traded company in today’s business environment, (2) understanding of the Company’s business, and (3) diversity, skills, and educational and professional background. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the

Nominating and Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

**Board Composition – Director Independence.** At least a majority of the Company's directors must be independent directors. In determining the independence of a director, the Board will be guided by the definitions of "independent director" included in pertinent listing standards of the Nasdaq Stock Market.

**Term Limits.** The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies, and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

## II. **Director Responsibilities**

**Responsibilities.** The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, and shall be entitled to the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation, Bylaws, and any indemnification agreements and to exculpation as provided by state law and the Company's Certificate of Incorporation.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. In addition, directors are encouraged to attend the Company's annual meeting of stockholders.

**Stock Ownership by Directors.** Each director is required to own shares of stock in the Company in accordance with Company guidelines and the Director's economic ability to acquire such shares.

**Director Orientation and Education.** All new directors must participate in the Company's orientation program, which should be conducted within two months of the annual meeting at which new directors are elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting, and risk management issues, its compliance programs, its Code of Ethics, its principal officers, and its internal independent auditors. In addition, the orientation program will include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors also are invited to attend the orientation program.

## III. **Board Meetings**

Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. The Chairman of the Board, taking into account suggestions from the Chief Executive Officer and other members of the Board, will set the agenda for each Board meeting, and will distribute this agenda in advance to each director. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

Executive officers of the Company who are not Board members may attend and participate in Board meetings at the invitation of the Chairman. Should the Chairman contemplate inviting any such person to attend and participate on a regular basis, Board concurrence will first be obtained.

#### **IV. Access to Employees and Auditors**

The Board should have complete access to Company employees and independent auditors in order to ensure that directors can ask all questions and obtain all information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Company personnel to any portion of a Board meeting at which their presence and expertise would help the Board to have a full understanding of matters being considered.

#### **V. Executive Sessions of Non-Management Directors**

The non-management directors of the Company will meet at regularly scheduled executive sessions (*i.e.*, with no management directors or management present). These executive session discussions may include such topics as the non-management directors determine, but actions of the Board generally should be taken separately at a Board meeting.

#### **VI. Outside Communications; Stockholder Communication with the Board**

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the full knowledge of The Chief Executive Officer and Chairman, and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

The Company shall allow stockholders interested in communicating directly with members of the Board by writing to Corporate Secretary, Bright Horizons Family Solutions, Inc., 200 Talcott Avenue South, Watertown, Massachusetts 02472. The Corporate Secretary shall review all such correspondence and regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or committees thereof or that the Corporate Secretary otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters shall be immediately brought to the attention of the

Company's internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

## **VII. Selection of Chief Executive Officer and Chairman; Succession Planning**

**Selection of Chief Executive Officer and Chairman.** The Board selects the Company's Chief Executive Officer and Chairman in the manner that it determines to be in the best interests of the Company's stockholders. The Board has no policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interest of the Company for the Board to make a determination when it elects a new Chief Executive Officer.

**Succession Planning.** As part of the Board's annual evaluation process of the Company's senior executives, the Compensation Committee of the Board shall have the responsibility to work with the Chief Executive Officer, and the Chairman to plan for Chief Executive Officer succession, as well as to develop plans for interim succession for the Chief Executive Officer in the event of an unexpected occurrence and to ensure that adequate succession plans are in place for other members of the Company's executive management and other key personnel within the Company. Succession planning may be reviewed more frequently by the Board as it deems warranted.

## **IX. Committees**

**Number and Type of Committees.** The Board currently has three standing committees – an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Board may add new committees or remove existing committees as it deems advisable for purposes of fulfilling its primary responsibilities. Each committee will perform its duties as assigned by the Board in compliance with each committee's charter and the Company's Bylaws. These may be described briefly as follows:

- **Audit Committee.** The Audit Committee is responsible for appointing the Company's independent accountants, making recommendations to the Board concerning the Company's financial statements, reviewing significant audit and accounting policies and practices, meeting with the Company's independent accountants concerning, among other things, the scope of audits and reports, and reviewing the performance of the overall accounting and financial controls of the Company.
- **Compensation Committee.** The Compensation Committee is charged with reviewing and approving salaries, bonuses, and other compensation and benefits of executive officers, advising management regarding benefits and other terms and conditions of compensation, and administering the Company's stock incentive plans, and succession planning.
- **Nominating and Governance Committee.** The Nominating and Governance Committee is responsible for developing general criteria concerning the qualifications and selection of Board members and recommending candidates for such positions to the Board. In addition to these duties, the committee monitors the Company's corporate governance practices and suggests applicable revisions.

**Composition of Committees.** The Board will approve committee assignments, including committee chair assignments. In doing so, the Board will consider the desires of individual directors. It is the sense of the Board that consideration should be given to rotating

committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Subject to the requirements of the applicable committee charter, committee chairs will determine the frequency of meetings of their respective committees, and, in consultation with management, will set meeting times and develop committee agendas.

Only independent directors may serve on the Audit, Compensation, and Nominating and Governance Committees. Any director may attend and participate in discussions of any Board committee, although formal committee action will only be through the vote of appointed committee members.

Board committees shall have access to accountants, compensation consultants, investment bankers, legal counsel or other independent consultants whose expertise or service is deemed essential to carrying out the committees' respective missions.